

Message Text

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 8992

AMEMBASSY LA PAZ PRIORITY

C O N F I D E N T I A L BUENOS AIRES 8684

LIMDIS

E. O. 11652: GDS

TAGS: ECON, PFOR, XM, AR, US

SUBJECT: FOREIGN MINISTER VIGNES ON BUENOS AIRES MEETING

LA PAZ PASS TO EINAUDI

1. S/P TEAM EXCHANGED VIEWS NOV. 27 WITH FOREIGN MINISTER VIGNES AND STAFF ON PROBLEM OF WHAT BUENOS AIRES MFM MIGHT BE ABLE TO PRODUCE AS CONCRETE ACCOMPLISHMENTS. DISCUSSION FOCUSED ON THE STATEMENT OF PRINCIPLES FOR MULTINATIONAL ENTERPRISES BEING WORKED ON BY MFM WORKING GROUP. S/P TEAM SAID IT WAS US HOPE THAT BY MARCH THERE COULD BE AGREEMENT ON AT LEAST SOME GENERAL PRINCIPLES. THESE WOULD HAVE NO JURIDICAL STANDING, BUT WOULD IN EFFECT REPRESENT A USEFUL FIRST STEP, A STATEMENT OF THE GUIDELINES BY WHICH THE GOVERNMENTS AGREED ENTERPRISE SHOULD CONDUCT THEMSELVES. THIS MIGHT INCLUDE THE FOLLOWING

POINTS: A) THAT THERE SHOULD BE NO ILLEGAL POLITICAL INTERVENTION IN THE INTERNAL AFFAIRS OF HOST COUNTRIES; B) THAT THE ENTERPRISES THEMSELVES SHOULD TAKE COGNIZANCE OF AND ADJUST THEIR CONDUCT TO THE DEVELOPMENT PLANS OF THE HOST COUNTRY; C) THAT THE ENTERPRISES WOULD UNDERTAKE TO CARRY OUT IN THE HOST COUNTRY AS MUCH AS POSSIBLE OF THE RESEARCH AND DEVELOPMENT ACTIVITIES NEEDED FOR THEIR OPERATIONS THERE; AND D) THAT THE USG WOULD ENCOURAGE ITS TRANS-NATIONAL ENTERPRISES TO LIVE UP TO THESE PRINCIPLES.

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2. FOREIGN MINISTER VIGNES EXPRESSED APPROVAL OF THE GENERAL THRUST. ARGENTINA WANTED FOREIGN INVESTMENT AND RECOGNIZED THAT IF IT WAS TO BE ATTRACTED TO ARGENTINA, INVESTORS WOULD HAVE TO MAKE AT LEAST AS MUCH PROFIT AS THEY COULD TURN AT HOME. ARGENTINA WISHED TO ENCOURAGE A POSITIVE CLIMATE FOR FOREIGN INVESTMENT BUT TO DO SO WE WOULD FIRST HAVE TO CLEAR AWAY THE NEGATIVE ONES--I.E. THE COMPANIES THAT HAD MISBEHAVED, VIGNES POINTED TO DELTEC.

3. VIGNES RECALLED THAT HE HAD STATED AT TLATELOLOCO THAT FOREIGN COMPANIES SHOULD BE GOVERNED EXCLUSIVELY BY THE LEGISLATION OF THE HOST COUNTRY, AND HE STATED BELIEF THAT IN GRANTING THE LICENSES FOR EXPORT OF CARS TO CUBA, THE US HAD IMPLICITLY ACCPETED THIS PRINCIPLE. HE ASKED IF THE S/P TEAM'S FIRST TWO POINTS WERE NOT ANOTHER WAY OF SAYING THE SAME THING?

4. S/P GROUP SAID THEY WERE NOT. THE PRINCIPLE FORMULATED BY THE FOREIGN MINISTER WOULD BE PERCEIVED BY US INTERESTS AT THIS POINT AS A THREAT TO THEM AS IT COULD BE INTERPRETED AS A UNILATERAL RENUNCIATION OF ANY RESPONSIBILITIES TO OUR INVESTORS.

5. AMBASSADOR FIGUERO (SECRETARY PROTEM OF MFM) ASSERTED THAT FIRST ORDER OF BUSINESS WAS TO DEFINE WHAT IT WAS WE WISHED TO GET RID OF--I.E. THE NEGATIVE ASPECTS REFERRED TO BY VIGNES. ONLY THEN SHOULD WE MOVE TO A STATEMENT OF POSITIVE PRINCIPLES. US SIDE POINTED OUT THAT, WHILE THIS MIGHT APPEAR TO BE A LOGICAL APPROACH, IT WAS IN FACT NOT POLITICALLY FEASIBLE. THE MATTER HAD TO BE STRUCTURED IN SUCH A WAY AS TO PRESENT THE MUTUALITY OF INTERESTS INVOLVED. THE FORMULA SUGGESTED BY FIGUERERO, ON THE OTHER HAND, WOULD BE PERCEIVED IN THE US AS UNILATERAL RENUNCIATION OF RIGHT TO PROTECT US INVESTORS ABROAD.

6. FOREIGN MINISTER VIGNES EXPRESSED HIS AGREEMENT WITH THIS POINT, BUT SAID HE WAS CERTAIN COMPROMISE LANGUAGE COULD BE WORKED OUT WHICH MIGHT IN EFFECT INCORPORATE BOTH IDEAS. IN REPLY TO A QUESTION VIGNES SAID THAT A DECLARATION OF PRINCIPLES WOULD BE SUFFICIENT TO ASSURE THE REASONABLE SUCCESS OF THE MARCH MFM PROVIDED IT WERE REALLY A SIGNIFICANT STATEMENT OF A NEW SITUATION.
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